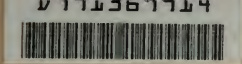


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THE SOUTHERN TELEGRAPH.

In 1847-8, charters were obtained from several of the Southern States for the construction of a line of telegraph from Washington City to New Orleans. Delegations from these several corporations subsequently met at Washington and organized a company, and the necessary steps were taken to effect the object of their organization. An arrangement was entered into with S. F. B. Morse, Amos Kendall, and F. O. J. Smith, patentees of the Morse Telegraph, for the use of their instruments, in consideration of which, an amount of stock equal to the cost of construction was issued to them, thus giving them a moiety of interest in the earnings of the line. The number of shares were 11,130, of which the patentees held 5,565.

Daniel Griffin, of Ga., was the first President, Elam Alexander, of Ga., second, Smith Mowry, of S. C., third.

During these three years, the line was unprofitable, owing to imperfections of construction, &c., but towards the close the difficulties were surmounted, and the line began to pay a dividend.

At the fourth annual meeting, the representatives of the patentees cast their entire vote, being a moiety of the whole, for Amos Kendall, as President, and, as some of the individual stock was unrepresented, he was, of course, elected. Much dissatisfaction was felt and expressed by the stockholders at this action of the patentees, and was denounced as a breach of faith; as, at the origin of the company, it was said to have been expressly understood that the management of the line was to rest in the stockholders, while the earnings were to be equally divided with the patentees. Mr. Kendall was elected several times, appointing, in the meantime, his nephew and sons as Treasurer, Superintendent, &c. It is alleged that during his administration there were changes of operators made at various stations, by which Northern men were substituted for Southern, without apparent cause.

About this time the "House" and "O'Riley" lines of telegraph were in active rivalry, and competition with the Kendall and Morse line on the routes running from Washington to the Northern cities. Disputes and collisions frequently occurred, litigation followed, accompanied by much trouble and expense. This was terminated by the union of the rival inter-

ests in what was denominated the "Magnetic Telegraph Company," of which Mr. Sanford, of New York, was made President, and John E. Kendall, (son of Amos,) general superintendent. At the next annual meeting of the Washington and New Orleans Company, it was determined to lease the line to the Magnetic Telegraph Company. The latter company stipulating to pay the stockholders of the former six per cent. per annum, on their investments. In 1859, the Magnetic Telegraph Company was merged in the American Telegraph Company, to which the lease was transferred.

This arrangement continued until April, 1861, when the Lincoln government destroyed the telegraph lines between Washington and Alexandria. Two days afterwards it was announced in the Richmond papers, that a separation of the Northern and Southern telegraph lines had taken place, and that Dr. Morris was elected President, and Mr. Dowell, Superintendent, of the Southern line. No information was given when, where, and by whom, the election was made, or by what authority the lines were declared to be separated. Certainly there was no meeting, or conference, or consultation of the Southern stockholders. Dr. Morris did not own one dollar's worth of stock in the Southern line, nor is it believed did Mr. Dowell. The latter was for years a favorite superintendent of Amos Kendall, and it was immediately after his arrival from Washington, that the new organization was announced to the public.

It will be recollected that about the time this separation was announced, that the Lincoln government were loud in their threats of sequestering Southern property, and in some instances carried them into effect. The Northern holders of property in the Southern States, apprehensive of retaliatory measures, endeavored to protect themselves by putting such property under the control, nominally, of persons residing in the South. Thus the Adams Express Company, of which Mr. Sanford is Vice-President, and the actual manager, was at once announced to be divided into a Northern and Southern Company; though if an investigation is had, there is good reason to believe that the stock will be found to be owned by the old holders, though a portion of it may be nominally transferred to enable certain gentlemen in the South to act as Directors. Mr. Sanford is also President of the American Telegraph Company, and the same remedy probably suggested itself to him to meet the difficulty in both cases.

In July, 1861, a meeting of the Charleston stockholders was held for the purpose of taking measures for the re-organization of the Washington and New Orleans Telegraph Company. A committee was appointed, who reported at a subsequent meeting that they had been waited on by Dr. Morris and Mr. Dowell, who represented to them that their action, in assuming the control of the line, was prompted by a regard for the interest of the stockholders, and it was their determination to pay out of the earnings of the line, six per cent. annually to the stockholders, and the surplus, if any, to be given those who may be legally declared to be entitled to it. The meeting declined to take any action on the propositions of Messrs. Morris and Dowell, and appointed Delegates to a general meeting of the stockholders of the Washington and New Orleans Telegraph Company, to be held at

Augusta on the 27th of August, 1861. This was duly held; a majority of the Southern stock being represented. Elam Alexander, of Macon, was called to the chair, and Mr. J. C. Butler acted as secretary. Dr. Morris, the acting President, was present, and after a detailed statement of the operations of the line, and the condition of the property, he read a series of resolutions, which had been adopted at a meeting of the stockholders of the American Telegraph Company, resident in the Confederate States, which was held at Richmond, Va., on the 23d July, 1861. These resolutions were to the following points: That the stockholders of the American Telegraph Company residing in these States, take possession and control of its lines located therein, and manage them for the benefit of such stockholders exclusively. That, in thus assuming the control of the property and rights recently shared and managed by their associates in the American Telegraph Company, the stockholders composing the Richmond meeting, representing nearly every share of stock held by Southern stockholders in the American Telegraph Company, considered it but just to all parties residing in the Confederate States with whom the said parties have contracts of any kind, to declare their willingness and purpose, in good faith, to comply with all such contracts on their part, expecting such parties, in like manner, to comply with all such contracts on their part, and that, assuming the position indicated in their resolutions, the stockholders composing the meeting disclaimed all wish or intention to manage the affairs of the company, so as to deprive any one, their late associates (the Northern stockholders of the company included) of any of their legal rights in the premises, but assume the control and management mentioned, implied by a sense of duty to the public and themselves.

The Richmond meeting alluded to then proceeded to elect Dr. Morris President of the company, at a salary of \$5,000 per annum, and Mr. Wynne the Treasurer, at a salary of \$1500 per annum. They declared a dividend, and took measures for carrying into execution the plan proposed. Having done which, they adjourned to meet in Richmond on the 20th of August, 1861.

It will be recollected that the American Telegraph Company was a Northern incorporation, having no legal right in the Confederate States, nor could its individual stockholders residing in the Confederate States, assume to themselves rights or powers which could not be exercised by the original company. The action of the Richmond meeting will appear the more preposterous and absurd, when it is known that the persons present represented only 619 shares out of the many thousands which comprise the American Telegraph company.

The meeting at Augusta unanimously adopted resolutions declining to acquiesce in the action of the Richmond meeting, declaring that the stockholders of the Washington and New Orleans Company have a sincere desire, if possible, to harmonise the interests of all the lines of telegraph within the Southern Confederacy, and appointing a committee of three to confer with the stockholders of the American Telegraph Company in Richmond, on the 20th September, 1862, and with all others interested, with

view to the amalgamation of all the lines in the Confederate States ; provided, such amalgamation can be consummated during a period not exceeding two years from the date of agreement.

A committee, consisting of Messrs. Gourdin, Porter and Mowry, were appointed for this purpose, and had several conferences with the gentlemen in Richmond, purporting to represent the Southern stockholders of the American Telegraph Company, but failed in coming to any agreement, the pretensions of the latter being deemed utterly inadmissible by the former. Indeed, had they harmonized in their views, it is difficult to perceive how any legal adjustment could have been effected by the parties, as neither of them had the authority necessary for that purpose. The Richmond gentlemen represented but an inconsiderable fraction (619 shares) of the American Telegraph Company, a *Northern incorporation without legal existence in the Confederate States*, and whose rights of property, if any exists, are properly the subjects of the sequestration act. On the other hand, the Augusta convention of the Southern stockholders of the Washington and New Orleans Telegraph Company, represented only a minority of the capital stock, not more than two-fifths of it being known to be held in the Confederate States, the other three-fifths being owned by the patentees of the telegraph and other Northern holders, and the action of this convention, therefore, or of its committee, could be neither authoritative or binding on the company. A similar disability will continue until some action is taken by the government, in reference to the stock held by aliens, under the sequestration act or otherwise, so that it may be represented in the meetings of the company.

From the foregoing facts, I am led to the following recapitulations and additions. The whole amount of stock in the Washington and New Orleans Telegraph line, as originally organized, is, 11,130 shares. This, at \$50 per share, amounts to \$556,500. Of this amount, 3,560 shares were, on investigation, found to be owned by parties residing in the Confederate States, as reported by the present managers of the lines on their assumption of the same. Subsequently the Hustings court for the district of Richmond, Va., decreed 200 shares to Edwin T. K. Culver, and William K. Culver, making an aggregate of 3,760 shares, owned in the Confederate States. This Southern interest, when subtracted from the whole amount of stock, leaves 7,370 shares owned by parties outside of the Confederacy. I speak only of the Washington and New Orleans line.

The amount now owned in the Confederate States, in dollars and cents, is \$1,858,000. Upon this (excepting a nominal amount, as stated by the present treasurer,) the present managers are paying six per cent. rents, under the provisions of the lease of the Washington and New Orleans lines, to the American Telegraph Company, amounting to \$11,280 per annum. This, from January 1st, 1861, to January 1st, 1863, amounts to \$22,560, which, I presume, has been paid to the Southern stockholders.

As above stated, the aggregate amount of stock held in the Washington and New Orleans line, by parties outside the Confederacy, is 7,370 shares, amounts to \$368,500. This, at six per cent. per annum, amounts to \$22,110, or \$44,220 from Jan. 1st, 1861, to Jan. 1st, 1863.

Giving the present officers of the lines the benefit of their own statements, made in their circular of July 25th, 1862, that the rents accruing from Jan. 1st to April 1st, 1861, were drawn by the Northern Treasurer, amounting to \$2,820. This, subtracted from the \$44,220, leaves \$41,400 of rents at six per cent. now in the hands of the Treasurer, Mr. Wynne, belonging to parties outside of the Confederacy; all of which sum, together with the capital stock, is properly the subjects of sequestration by the Confederate court.

But I will assume a broader basis of receipts arising from the operations of the Washington and New Orleans line, since the secession of Virginia, and the management of the lines under the existing organization, drawn from both the written and verbal statements of gentlemen, some of whom had been, and others were, at the time, connected with the practical operations of the lines.

One of these gentlemen, to whom I have referred, stated to me by letter, in May last, that "from the best information he had been able to get, that the line was paying some forty per cent. over expenses." And still another gentleman writing to me from a distant point on the same subject, and about the same time, said: "In these times this line," (for he was then connected with it,) "instead of paying six per cent. to the legal stockholders, should yield twenty or twenty-five per cent." I will then assume the lowest of these estimates to be the fact, and that the line has been paying twenty per cent. dividends from April 1st, 1861, to Jan. 1st, 1863, a period of 21 months, and we have the sum of \$194,775. From this we will deduct the sum total of rents paid Southern stockholders, and we have the large sum of \$172,215, now in the hands of Mr. Wynne, the present Treasurer, as dividends accruing on stocks not represented by parties in the Confederate States, and which, under the plea of *assuming* the management of the consolidated lines for the *benefit* of the *Southern stockholders in the American Telegraph Company, exclusively*, gives to each stockholder of the 619 shares represented in that company, in the Confederate States, \$378 to the share, for a period of 21 months. But assuming that six per cent. of rents on the capital stock, amounting to \$41,400, is now held by the treasurer, subject to the decision of the sequestration court, and we have the sum of \$130,815, to be divided among the 619 shares of American stock, or a fraction short of \$212 to the share, for the period of 21 months, to say nothing of dividends arising from the workings of their own lines.

Again, assuming the fact that upon the secession of the Southern States, and their organization into a Confederate government, and the declaration of war by the government of the United States, all civil and corporate contracts existing between parties in the two sections were either abrogated by Confederate law, or were rendered so by virtue of the existence of the war between the two sections. This being so, it follows that the property in the Washington and New Orleans lines of telegraph reverted back to its original condition of separate independence, and the control and management of which should have been under its former directors, or a new board of directors, which should have been chosen by its Southern stockholders in the early part of the year 1861.

Now, suppose this to have been done, as it should have, and the lines then worked in a consolidated form as they have been, and even under the auspices of its present managers, (for I have no desire to dispossess them of its control when properly chosen,) with the understanding that the stockholders were to receive *pro rata* of the nett earnings of their line, reserving the dividends of the foreign stocks as a proper matter of confiscation, and its results would have been far more equitable to the Southern stockholders, who have the highest moral and legal right to every advantage and benefit of the workings of their own property. Were this the case, the Southern stockholders, instead of receiving six per cent. *rents*, would now be receiving 20 or 30 per cent. per annum *dividends*.

It was from an assumption of the foregoing facts, that the stockholders residing in the Confederate States, at a meeting held in Augusta, Ga., on the 9th of August, 1862, resolved to take such steps as would enable them to obtain control of their property at the shortest possible period, and to this end required the present managers (Messrs. Morris, Wynne and Dowell,) to keep a separate account of the earnings and disbursements of their line from the first of September, 1862, to the second Wednesday in January, 1863, and to report the same to a meeting of the stockholders, to be holden on the aforesaid second Wednesday of January, 1863, in the city of Augusta, Ga. This meeting of stockholders was duly held, (Dr. Morris present,) and it was agreed that no decisive and definite action could be had until the alien interest in said line was sequestered, and the *status* of the Government's interest established by the court, the property taken possession of by the agents of the Government, or turned over to the stockholders residing in the Confederate States, thus enabling them to effect an organization under the new dispensation of things with all interests fairly represented. To this end the meeting of stockholders of the 14th of January, 1863, resolved to employ counsel at Richmond, Va., to look after its interests, and to urge the sequestration of the alien stock in the company.

Thus matters stand, and with but a dim prospect of an early action upon the part of the sequestration court, for the sequestration of the alien interest, as I am informed, by the Confederate States Receiver; thus keeping the stockholders, residing in the Confederate States, out of both the possession and the earnings of their property, and allowing the stockholders in the American Telegraph Company, owning only 619 shares, to amass vast fortunes at the expense of the Southern stockholders in the Washington and New Orleans line. This ought not so to be, and if the court is not prepared to act in the premises, and that speedily, I would respectfully call the attention of Congress to the matter, as one on which they should take some immediate action.

I have said there were 7,370 shares of the Washington and New Orleans company's stock, owned by parties outside of the Confederacy, and, of course, owned by alien enemies, and subject to sequestration. I say alien enemies, because Amos Kendall, though residing in the District of Columbia, is at war with the Confederate States, by giving aid and comfort to the enemy; and hence not entitled to the benefits of the law exempting parties residing in the excepted States.

In the fall of 1860, at a meeting of the stockholders of the American Telegraph Company, held in the City of Washington, Mr. Kendall represented in his own right 1,772 shares of stock in the Washington and New Orleans line, and some six hundred shares by proxy, the same belonging to his children and grand-children, making in all 2,372 shares. Two hundred shares of this, however, has since been decreed by the Hustings court for the City of Richmond, as heretofore stated, to the heirs of Amos Kendall, residing in the Confederate States, leaving 2,172 shares to be deducted from the whole amount of alien stock, and this would leave 5,198 shares belonging to parties known to reside beyond those States exempted by the act of sequestration, which should be sequestered to the use of the Government, and Mr. Kendall's stock turned over to his heirs residing in the Confederate States, in compliance of the act of sequestration passed February, 1862.

C. P. CULVER.

Berzelia, Ga., January 25th, 1863.



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